

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6478

BILL NUMBER: HB 1066

NOTE PREPARED: Dec 14, 2010

BILL AMENDED:

SUBJECT: Abandoned Housing.

FIRST AUTHOR: Rep. Day

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Recording of deed:* This bill requires a person who purchases property at a foreclosure sale to record the deed within 60 days.

Mortgaged Property Surrendered in Bankruptcy: With respect to mortgaged real property that the mortgagor surrenders in writing to the court or to a mortgagee, this bill provides that 30 days after the date on which the mortgagor surrenders real property the mortgagee is responsible for ensuring that the property does not violate local ordinances or nuisance, unsafe building, and vacant and abandoned structures statutes. It specifies that the mortgagee is personally liable for ensuring that the property complies with local ordinances or nuisance, unsafe building, and vacant and abandoned structures statutes, and provides that the mortgagee may be liable for additional civil penalties as determined by the appropriate local legislative body.

It requires a mortgagee to whom property has been surrendered to record the mortgagee's interest in the property not later than 60 days after receipt. It provides that a mortgagee has the authority to enter onto real property in order to carry out its responsibilities.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Recording of deed:* Under current law, unless the property in question is insured by the United States Department of Housing and Urban Development (HUD), the sheriff is responsible for recording the deed to property purchased at a foreclosure. Under this bill, the purchaser of

the property has 60 days to record the deed with the county recorder and assume the cost of doing so. Failure to do so within this time limit may result in civil penalties. The exception to recording the deed if the property is insured by HUD still holds under this bill. The sheriff would save the cost of recording the deed.

Mortgaged Property Surrendered in Bankruptcy: Under this bill, a mortgagee, within 30 days of receiving mortgaged property either surrendered in bankruptcy or directly from the mortgagor (via a valid quitclaim deed), would become responsible for ensuring that the property does not violate local ordinances or nuisance, unsafe building, and vacant and abandoned structures statutes. The mortgagee would be liable for any civil penalties for noncompliance. If the property has been surrendered directly to the mortgagee, the mortgagee, on receipt of the quitclaim deed, would have 60 days to record it with the county recorder or face civil penalties. The bill does not apply to property that is still occupied by the mortgagor or a tenant.

Under this provision, local taxing units within a county would probably save the cost of providing services such as weeding, boarding, or sewer maintenance for the property in question until the property is sold.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Local Taxing Units, Sheriffs

Information Sources:

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